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### **Analysis of Enrolled House Bill 5839**

**Topic:** Manufactured Housing Fees  
**Sponsor:** Representative Hildenbrand  
**Co-Sponsors:** None  
**Committee:** House Local Government & Urban Policy  
Senate Local, Urban & State Affairs

**Date Introduced:** March 7, 2006

**Date Enrolled:** July 26, 2006

**Date of Analysis:** July 5, 2006

**Position:** The Department of Labor & Economic Growth supports the bill.

**Problem/Background:** Under the Mobile Home Commission Act, the Departments of Labor & Economic Growth and Environmental Quality share enforcement responsibility for manufactured housing. Revenue has not kept pace with expenditures. DLEG has used unexpended revenues to offset the difference between collections and expenditures since 2001. Compounding the problem, in 2005 the General Fund support for DEQ functions was withdrawn and replaced with fee revenue. This exacerbated the revenue shortfall. Despite an informal agreement between the two departments that is intended to generate increased efficiency, there continues to be a significant shortfall in revenue to support these programs.

**Description of Bill:** The bill creates a Mobile Home Code Fund, provides for a three-year license cycle, establishes the fee for manufactured home community and other licenses, and increases the title fee on a manufactured home from \$45 to \$90. The bill also requires that the department consult with representatives of the manufactured housing industry and other interested parties in promulgating rules. A quarterly report to the Manufactured Housing Commission on use of the fees collected under the act is required. The bill contains conflict language including changes made in Public Act 142 of 2006.

### **Summary of Arguments**

**Pro:** The inspections, investigations, licensure, and other services provided by the state are vital to residents of manufactured housing communities and to the manufactured housing industry. The shortfall in revenues has already resulted in the elimination of funding for local health departments to conduct annual inspection of manufactured housing communities, and additional cuts will be necessary unless revenues are increased.

**Con:** The manufactured housing industry will bear none of the burden of increased fees. By moving to a three-year license cycle, manufactured housing communities and other licensees will pay a larger amount up front, but the annualized fee will not change. The purchaser of the manufactured home will bear the entire burden of making up the shortfall through a doubling of the title fee.

*Response: Although the title fee is doubled, this is a one-time fee. The industry believes that the increased fee will have little or no effect on manufactured home sales.*

## **Fiscal/Economic Impact**

### **(a) Department**

**Budgetary:** Without an increase in revenue, program cuts will be needed. Expenditures for DLEG's manufactured housing functions increased from less than \$2.3 million in fiscal year 1999 to over \$3.7 million in fiscal year 2005. Revenues have remained relatively flat over that time, and the program has benefited from carry forward balances of unexpended revenues that will be depleted by the end of FY2006.

**Revenue:** The proposed increase in the title fee is expected to generate over \$1 million in additional revenue.

#### **Comments:**

### **(b) State**

**Budgetary:** Because general fund support for this program was previously withdrawn, there is no state budgetary impact.

**Revenue:** The proposed revenues will go into a special fund. There is therefore no revenue impact on state government beyond the department.

#### **Comments:**

### **(c) Local Government**

**Comments:** Local public health departments have been affected by the decision to eliminate the annual inspection function, which was contracted to local public health departments. This decision was necessary, because general fund support for this function had been withdrawn and DLEG no longer had funds available to forward to DEQ for purpose of this function.

**Other State Departments:** The Department of State will be required to make systems changes in order to collect the higher fee. An amendment delaying the effective date until August 1 was agreed to in Senate committee, but the delay in moving the bill through the Senate may make this

unnecessary. The Department of Environmental Quality also has an interest in the manufactured housing function.

**Any Other Pertinent Information:** This legislation was requested by the Michigan Manufactured Housing Association on behalf of the department. The Michigan Townships Association opposed the bill on general principles, because it did not address issues of concern to local government (e.g. local zoning authority, taxation). Otherwise, there was no opposition to the bill in either committee.

**Administrative Rules Impact:** The bill establishes the amount for manufactured housing community licenses. Currently, the department has the authority to set the fees by rule. A proposal by the industry that rulemaking authority be returned to the Manufactured Housing Commission was opposed by the department, and a Senate substitute clarifies that the department retains this authority.